

**MINUTES OF THE COMMITTEE  
ON  
INSURANCE**

Thursday, November 3, 2005

9:00 a.m.

Room 521 House Office Building

The House Standing Committee on Insurance was called to order by the Chair.

Members present: Reps. Hune, Robertson, Emmons, Gaffney, Sheen, Ball, Hildenbrand, David Law, Marleau, Mortimer, Hood, Adamini, Leland, Anderson, Wojno, Condino, Farrah.

Members absent/excused: None.

Representative Condino moved to approve the minutes of the October 20, 2005 meeting. Representative Robertson supported the motion. There being no objection, the motion prevailed by unanimous consent.

The Chair laid HB 5256 before the committee.

**HB 5256 Proos** Insurance; property and casualty; cancellation of malpractice insurance policy; provide parameters for.

Representative John Proos, sponsor of HB 5256, testified in support of the bill.

The following individuals submitted cards in support of the bill, but did not wish to testify:

Leo Farhat Jr. of the Michigan State Medical Society. Mr. Farhat also submitted written testimony. Doug Borruso of the Michigan Osteopathic Association.

The following individuals submitted cards indicating a neutral position on the bill, but did not wish to testify:

Krystal Rourke of the Office of Financial and Insurance Services. Ms. Rourke also submitted written testimony.

Frank Venuto of ProNational Insurance Committee.

Dyck Van Koevering of the Insurance Institute of Michigan.

Representative Robertson moved to adopt substitute (H-1) for HB 5256. Representative Hood supported the motion. **The motion prevailed 15-0-0.**

**FAVORABLE ROLL CALL**

**Yeas: Reps. Hune, Robertson, Gaffney, Sheen, Ball, Hildenbrand, David Law, Marleau, Mortimer, Hood, Adamini, Leland, Anderson, Condino, Farrah.**

**Nays: None.**

**Pass: None.**

Representative Robertson moved to report HB 5256 with recommendation as substitute (H-1). Representative Hood supported the motion. **The motion prevailed 17-0-0.**

### **FAVORABLE ROLL CALL**

**Yeas: Reps. Hune, Robertson, Emmons, Gaffney, Sheen, Ball, Hildenbrand, David Law, Marleau, Mortimer, Hood, Adamini, Leland, Anderson, Wojno, Condino, Farrah.**

**Nays: None.**

**Pass: None.**

The Chair laid HB 5292 before the committee.

**HB 5292 Mortimer** Insurance; other; guaranty association; provide for general amendments.

Krystal Rourke of the Office of Financial and Insurance Services testified in support of the bill. Ms. Rourke also submitted written testimony.

Kurt Gallinger of Michigan Insurance Coalition testified in support of the bill.

Pete Kuhnmuensch of the Insurance Institute of Michigan submitted a card in support of the bill, but did not wish to testify.

George Carr of Property Casualty Insurance Association submitted a card indicating a neutral position on the bill, but did not wish to testify.

Representative Mortimer offered the following amendments to HB 5292:

1. Amend page 1, following "**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**" by inserting:

"Sec. 3503. (1) All of the provisions of this act that apply to a domestic insurer authorized to issue an expense-incurred hospital, medical, or surgical policy or certificate, including, but not limited to, ~~section 223~~ **SECTIONS 223 AND 7925** and chapters 34 and 36, apply to a health maintenance organization under this chapter unless specifically excluded, or otherwise specifically provided for in this chapter.

(2) Sections 408, 410, 411, 901, and 5208, ~~and chapters~~ **CHAPTER 77**, and, **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (1), CHAPTER 79** do not apply to a health maintenance organization."

2. Amend page 7, line 5, after "**SECTION 3107**" by inserting a comma.

3. Amend page 7, line 11, after "**DATE.**" by inserting "**THE CLAIM CAP IN EFFECT AT THE TIME OF PAYMENT OF A CLAIM SHALL APPLY.**".

4. Amend page 15, line 24, by striking out all of sections **8124A** and **8125A** and

inserting:

**"SEC. 8124A. ANY GUARANTY ASSOCIATION OR FOREIGN GUARANTY ASSOCIATION HAS STANDING TO APPEAR AND MAY INTERVENE AS A PARTY AS A MATTER OF RIGHT OR OTHERWISE APPEAR AND PARTICIPATE IN ANY COURT PROCEEDING CONCERNING THE REHABILITATION OR LIQUIDATION OF AN INSURER IF THE ASSOCIATION IS OR MAY BECOME LIABLE TO ACT AS A RESULT OF THE LIQUIDATION. EXERCISE BY ANY GUARANTY ASSOCIATION OR ITS DESIGNATED REPRESENTATIVE OF THE RIGHT TO INTERVENE CONFERRED UNDER THIS SUBSECTION DOES NOT CONSTITUTE GROUNDS TO ESTABLISH GENERAL PERSONAL JURISDICTION BY THE COURTS OF THIS STATE. THE INTERVENING GUARANTY ASSOCIATION OR FOREIGN GUARANTY ASSOCIATION IS SUBJECT TO THE COURT'S JURISDICTION ONLY FOR THE LIMITED PURPOSE FOR WHICH IT INTERVENES."**

5. Amend page 28, line 7, after **"CLAIMS."** by inserting **"IF A GUARANTY ASSOCIATION OR FOREIGN GUARANTY ASSOCIATION HAS RECEIVED AN EARLY ACCESS DISTRIBUTION AND THEREAFTER ALSO RECEIVES A SPECIAL OR STATUTORY DEPOSIT OR ANY OTHER ASSET OF THE INSOLVENT INSURER, THE LIQUIDATOR MAY REQUEST THE RETURN OF THE EARLY ACCESS FUNDS UP TO THE AMOUNT OF THE SPECIAL OR STATUTORY DEPOSIT OR OTHER ASSET OF THE INSOLVENT INSURER."**

Representative Mortimer moved to adopt the amendments. Representative Robertson supported the motion. **The motion prevailed 17-0-0.**

#### **FAVORABLE ROLL CALL**

**Yeas: Reps. Hune, Robertson, Emmons, Gaffney, Sheen, Ball, Hildenbrand, David Law, Marleau, Mortimer, Hood, Adamini, Leland, Anderson, Wojno, Condino, Farrah.**

**Nays: None.**

**Pass: None.**

Representative Sheen moved to report HB 5292 with recommendation as amended, as substitute (H-1). Representative Robertson supported the motion. **The motion prevailed 17-0-0.**

#### **FAVORABLE ROLL CALL**

**Yeas: Reps. Hune, Robertson, Emmons, Gaffney, Sheen, Ball, Hildenbrand, David Law, Marleau, Mortimer, Hood, Adamini, Leland, Anderson, Wojno, Condino, Farrah.**

**Nays: None.**

**Pass: None.**

There being no further business before the committee, the Chair adjourned the meeting at 9:22 a.m.

**Representative Joe Hune, Chair**\_\_\_\_\_

Dan Stump, Committee Clerk  
House Insurance Committee, (517) 373-5795